MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2016/2017

DFA5058 – FINANCIAL ACCOUNTING

(For Diploma Students Only)

9 MARCH 2017
2.30 p.m to 4.30 p.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **5** pages with 4 questions.
2. Answer **ALL** questions.
3. Write your answers in the answer booklet provided.

QUESTION 1

Part A

Below is the adjusted trial balance for the 909 Hotel Residence for the month of December 31 after the adjustments have been made.

909 Hotel Residence
Adjusted Trial Balance
31 December 2016

Accounts	Debit (RM)	Credit (RM)
Cash	66,000	
Accounts Receivable	83,080	
Furniture and Fitting	96,000	
Prepaid Insurance	45,000	
Motor Vehicle	142,000	
Accumulated Depreciation – Motor Vehicle		40,200
Accounts Payable		34,000
Notes Payable		54,425
Capital		225,000
Drawings	8,000	
Service Revenue		196,400
Utilities Expense	6,920	
Rent Expense	19,825	
Salaries Expense	29,200	
Depreciation Expense – Motor Vehicle	7,600	
Advertising Expense	8,800	
Insurance Expense	37,600	
Total	**550,025**	**550,025**

Instructions
(a) Prepare the closing entries for the month of December 31. (7 marks)
(b) Prepare the Post-Closing Trial Balance for the month. (11 marks)

Part B

The following transactions occurred in April for Webe Sdn Bhd:

1. Depreciation for equipment and building is RM6,000 and RM12,000 per year.
2. Services provided but not recorded at April 30 are RM300.
3. Accrued salaries expenses RM6,500.
4. A physical count of revealed that ¼ out of RM1,000 of supplies was used.
5. Prepaid insurance expired for the month is RM400.
6. 75% of the unearned service revenue RM7,200 was earned.

Instruction
Prepare the adjusting entries for the month of September 30. (7 marks)

[TOTAL 25 MARKS]

Continued...

QUESTION 2

Part A

Babies "R" Us Company provides a variety of high qualities children's stroller and pram in Malaysia. The company uses a perpetual inventory system. During May 2017, the following transactions and events occurred.

May	1	Purchase office equipment RM1,000 by cash from Lamaze Company.
May	3	Purchased 20 Lightweight Stroller and 10 Luxury Stroller from Luna Dream Company where the cost per unit is RM600 and RM1,100 respectively. The terms were 5/10, n/30 FOB destination. The appropriate party also paid cash RM900 for freight.
May	9	Sold 8 Lightweight Stroller to Didi Kids Store on account for RM1,400 each with terms 4/10, n/30 FOB shipping point.
May	10	Returned 1 defective Luxury Stroller to Luna Dream Company.
May	13	Paid off the amount due from Luna Dream Company.
May	16	Granted a reduction on total price of RM1,300 to Didi Kids Store for slightly inferior quality of Lightweight Stroller.
May	20	Purchased 30 Premium Foldable Stroller on credit from Upin & Friends Company for RM850 each with FOB shipping point. The appropriate party also paid cash RM970 for freight on this day.
May	25	Received payment from Didi Kids Store.
May	29	Sold 2 Premium Foldable Stroller for RM2,000 each to Boboi I'Care by cash.

Instructions

(a) Journalize the May transactions for Babies "R" Us Company using perpetual inventory system. You may omit explanations.

(13 marks)

(b) Calculate the balance of inventories at the end of the month by preparing the ledger for "Merchandise Inventories" account. The beginning balance of inventories is RM8,000.

(4 marks)

Continued...

Part B

Accounting principles and assumptions are the essential guidelines for the businesses to prepare their financial statements. The basic assumptions are like the pillars on which the structure of accounting is based. It is providing a foundation for the accounting process.

Instruction
Identify **FOUR (4)** basic accounting assumptions and briefly explain each of them.

(8 marks)

[TOTAL 25 MARKS]

QUESTION 3

Part A

On October 1, 2016, KitKat Company establishes an imprest petty cash fund by issuing a cheque for RM250 to Kevin, the custodian of the petty cash fund.

On October 31, 2016, Kevin submitted the following paid petty cash receipts for replenishment when there is RM21 cash in the fund. The receipts consist of supplies expense RM85, entertainment of clients RM79 and postage expense RM57.

Instructions
(a) Prepare the journal entries required to establish the petty cash fund on October 1 and the replenishment of the fund on October 31.

(7 marks)

(b) Identify any principles of internal control that may be violated based on the five problems which might occur in the processing of the petty cash transactions.

a. Petty cash receipts are not pre-numbered.
b. Kevin counts his own petty cash each day and verbally reports the results to the supervisor.
c. Kevin, the petty cash custodian with over 5 years' experience is not bonded.
d. Store petty cash box in drawer without lock.
e. Beside Kevin, Warda and Ijaz also authorized to handle cash receipts.

(5 marks)

Continued...

Part B

The following information was used to prepare the March 2017, bank reconciliation for Whitley Company.

Beginning cash balance per books on March 31	RM4,800
Deposits of March 30 and 31 not yet recorded by bank.	3,200
Bank debit memorandum for cheque printing fees.	250
Two cheques were outstanding at the end of February, cleared in March.	3,627
NSF cheque of customer returned by bank.	1,200
The bank collected a note receivable for the company.	3,100
Cash balance per bank showed in bank statement for the month.	6,950
Interest earned from the notes receivable collected by bank.	100

Whitley Company's accountant noticed that a cheque for RM185 was correctly paid by the bank but was incorrectly entered in the cash payments journal for RM158.

Instructions

(a) Prepare the partial of bank reconciliation by computing Whitley Company's adjusted cash balance per books at March 31.

(8 marks)

(b) Prepare the journal entry that Whitley Company will make to record this information on its books.

(5 marks)

[TOTAL 25 MARKS]

QUESTION 4

Part A

Calculate the ratio base on the following independent situations.

(a) Bayou Lagoon Resort reported the following expenses in 2017. Operating expenses RM120,000, Selling expenses RM168,000 and Income tax expense RM150,000. An analysis of the Statement of Comprehensive Income revealed that the net sales for the year is RM600,000, Calculate the profit margin for Bayou Lagoon Resort.

(2.5 marks)

(b) The current assets of Myers Company consist of Cash RM70,000, Inventories RM90,000, Account Receivable RM50,000 and Prepaid Insurance RM40,000. The current liabilities are RM100,000. Determine the current ratio expressed as a proportion.

(2.5 marks)

Continued...

(c) Swiss Clothing Store had a balance in the Accounts Receivable account of RM437,500 at the beginning of the year and a balance of RM500,000 at the end of the year. Net credit sales during the year amounted to RM3,000,000. Calculate the average collection period of the receivables in terms of days.

(2.5 marks)

(d) Hurrom Company had net credit sales of RM18,000,000 and cost of goods sold of RM15,000,000 for the year. The beginning inventory for the year amounted to RM3,000,000 and ending inventory RM2,000,000. Calculate the Inventory turnover for the year.

(2.5 marks)

(e) The accounts receivable turnover for Abby Company is 10 times. The account receivable RM45,000 at the beginning of the year and a balance of RM55,000 at the end of the year. What is the amount of net credit sales for the period?

(2.5 marks)

Part B

The comparative Statement of Financial Position of Nana & Jojo Company appear below:

Nana & Jojo Company
Comparative Statement of Financial Position
December 31,

Assets	2017	2016
Current assets	33,600	26,640
Plant assets	62,400	45,360
Intangible assets	11,200	8,100
Total assets	107,200	80,100
Liabilities and stockholders' equity		
Current liabilities	13,640	11,620
Long-term debt	35,000	20,960
Common stock	34,560	24,480
Retained earnings	24,000	23,040
Total liabilities and stockholders' equity	107,200	80,100

Instructions

(a) Using vertical analysis, prepare a common size comparative Statement of Financial Position for 2017. (3.5 marks)

(b) Using horizontal analysis, show the percentage change for each Comparative Statement of Financial Position item using 2016 as a base year. (9 marks)

[TOTAL 25 MARKS]

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